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FM AMEMBASSY RANGOON  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6822  
INFO RUCNASE/ASEAN MEMBER COLLECTIVE  
RUEHBY/AMEMBASSY CANBERRA 0698  
RUEHBJ/AMEMBASSY BEIJING 1594  
RUEHKA/AMEMBASSY DHAKA 4673  
RUEHNE/AMEMBASSY NEW DELHI 4235  
RUEHUL/AMEMBASSY SEOUL 7789  
RUEHKO/AMEMBASSY TOKYO 5349  
RUEHCN/AMCONSUL CHENGDU 1258  
RUEHCHI/AMCONSUL CHIANG MAI 1213  
RUEHCI/AMCONSUL KOLKATA 0127  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEHGV/USMISSION GENEVA 3387  
RHEHNSC/NSC WASHDC  
RUEKJCS/SECDEF WASHDC  
RUEKJCS/JOINT STAFF WASHDC  
RUCNDT/USMISSION USUN NEW YORK 1133  
RUEHBS/USEU BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 001108

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TAGS: [ECON](#) [PREL](#) [PGOV](#) [BM](#)  
SUBJECT: BURMA: WHERE HAVE ALL THE TOURISTS GONE?

REF: RANGOON 1102

RANGOON 00001108 001.2 OF 003

Classified By: Economic Officer Samantha A. Carl-Yoder for Reasons 1.4  
(b and d)

11. (C) Summary. Burma continues to feel the economic impact of the regime's violent crackdown in September. The tourism industry, which employs an estimated 500,000 people, continues to flounder as tourists cancel trips to Burma. In October, Burma only received 7,221 tourists, a 228 percent drop compared to the same period last year. Hotels in Rangoon have an average of 60 percent fewer hotel bookings in November; hotels in tourist areas, such as Bagan and Mandalay, report an estimated 90 percent decline. An estimated 20,000 people were laid off in October due to declining tourism levels. Hotel owners predict that tourism will not rebound in 2008. Industry insiders fear that the tourism industry will be unable to make enough money during the peak season (October-March) to cover the rest of the year's costs. End Summary.

Where have All the Tourists Gone?

12. (SBU) In 2006, revenues generated from tourism accounted for 1.4 percent of Burma's GDP. Burma has seen a steady rise in the number of tourists since 2003, up 27.45 percent from 192,648 visitors in 2003 to 245,540 visitors in 2006. Before the brutal GOB crackdown on peaceful protests in September, tourism industry representatives had predicted that 2007 would be a record year, reaching almost 300,000 tourists. Their predictions were on target: by the end of August, the number of tourists in 2007 was 20 percent higher than the same period last year.

Number of Tourists In Burma  
2006-2007

Month	2005	2006	% Change	2007	% Change
January	24,394	24,675	1.14	30,584	19.32
February	24,301	22,529	- 7.87	29,489	23.60
March	20,113	20,210	0.48	27,621	26.83
April	16,407	17,028	3.65	19,368	12.08
May	12,480	12,741	2.05	15,818	19.45
June	10,883	13,817	21.23	13,621	- 1.44
July	14,308	17,744	19.36	21,248	16.49
August	15,338	19,109	19.73	19,414	1.57
September	12,083	14,585	17.15	13,774	- 5.89
October	19,788	23,695	16.49	7,221	-228.14
November	23,735	29,004	18.17	--	--
December	25,874	30,403	14.90	--	--
Total	219,704	245,540	10.52	198,158	6.07

Source: Myanmar Hotels International

13. (SBU) However, the anti-government demonstrations and the subsequent GOB crackdown in September significantly deterred tourist travel to Burma. The number of tourists in September dropped 6 percent compared to last year, from 14,585 people to 13,774 people. October tourism, the start of the high season, was 228 percent lower than last year's figure, with only 7,221 people entering Burma. According to the Ministry of Tourism, of these 7,221 visitors, less than 3,000 were self-declared tourists; the rest traveled to Burma on business.

Loss of Business Affects Thousands

RANGOON 00001108 002.2 OF 003

14. (C) The tourism industry, which directly employs an estimated 500,000 people, has suffered the loss of tourists. According to Sigi Bierbaumer, General Manager of Traders Hotel, hotels in Rangoon saw an average 70 percent drop in room bookings in October. Several of the smaller hotels registered less than 100 customers for the entire month, while others were forced to close down temporarily due to lack of business. Hotel room bookings in November have picked up somewhat, Bierbaumer noted. The larger hotels, including Traders, Sedona, and Hotel Nikko, now have an occupancy rate of 25-30 percent, significantly below the 85 percent occupancy in November 2006. Bierbaumer attributed the higher occupancy rate to business travelers and conventions, noting that many of the smaller hotels in Rangoon have not seen the same improvement in sales. He doubted that tourism levels would rebound in 2008, and predicted that while tourism would pick up by January, less than 20,000 tourists would visit Burma in January and February.

15. (C) Brett Melzer, owner of Balloons over Bagan, informed us that in October, fewer than 2,000 tourists visited Bagan and Mandalay, two cities with historically high tourism levels. Tourism is the main industry in Bagan, he noted, and local businesses, such as restaurants, tour companies, and smaller hotels, depend upon revenues earned in the high season to carry them through the rest of the year. Because of the lack of tourists, many restaurants and retail shops have closed their doors, unable to cover their operating costs and pay their staff.

16. (C) While no official figures are available, tourism industry insiders estimate that more than 20,000 people lost their jobs in October due to the decline in tourism. U Kyaw Tun, Chairman of Sun Far Tour Agency, opined that if the tourism industry does not rebound by February, many companies will go out of business. If tourism does not pick up, more than 300,000 people, many of whom are the sole income

providers for their families, could lose their jobs. Including their families, more than 1.5 million people could be affected by the drop in tourism, he declared.

Pleas Fall on Deaf Ears

18. (C) In late October, the Minister of Hotels and Tourism held a meeting in Rangoon with tourism industry representatives to discuss the current situation. The meeting was a waste of time, Bret Melzer observed. Instead of listening to the tourism industry's concerns, the Minister attempted to explain how the political crisis and subsequent drop in tourism was the fault of the U.S. Government. The Minister did not explain how the GOB plans to attract tourists, Melzer lamented, nor did he suggest ways the tourism industry could minimize their costs. When several hotels requested a tax holiday because of lack of revenue, the Minister did not refuse, but asked how that would benefit the government. Saman Sarathchandra, General Manager of the Sedona, told us that the Sedona, the most profitable hotel in Burma, would not pay taxes this year.

Comment

19. (C) By blaming the United States for its problems, the junta ignores its own role in deterring tourism. Industry insiders are not fooled; they recognize the decline in tourism is due to the media's widespread coverage of the shooting of innocent protestors. Even though no new images of atrocities in Burma appear in the international media,

RANGOON 00001108 003.2 OF 003

most international tourists have already made other plans. 2008 will likely be a devastating year for Burma's tourism industry.

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